

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATE FITZPATRICK | JOHN B. LANGAN | JAMES M. MACHADO | ROBERT B. McCARTHY

MEMORANDUM

TO: Andover Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 8, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on August 1 of each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

JEC/jrl

Enc.



SECTION 2: Valuation Results for the Andover Contributory Retirement System

CHART 16

Funding Schedule – Appropriation Increases 8% Per Year, Plus Additional \$1,000,000 Payment in Fiscal 2016
– Fully Funded in 2032

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Remaining Liability	(4) Total Plan Cost: (2) + (3)	(5) Total UAL	(6) Total Plan Cost: % Increase
2015	\$1,673,938	\$4,814,745	\$6,488,683	\$114,781,990	--
2016	1,748,628	6,259,150	8,007,778	116,636,688	23.41%
2017	1,826,627	6,821,773	8,648,400	117,976,337	8.00%
2018	1,908,081	7,432,191	9,340,272	117,364,927	8.00%
2019	1,993,142	8,094,352	10,087,494	117,211,564	8.00%
2020	2,081,968	8,812,525	10,894,493	117,831,348	8.00%
2021	2,174,725	9,591,328	11,766,053	117,738,444	8.00%
2022	2,271,587	10,435,750	12,707,337	116,813,036	8.00%
2023	2,372,733	11,351,191	13,723,924	114,920,692	8.00%
2024	2,478,353	12,343,485	14,821,838	111,910,794	8.00%
2025	2,588,642	13,418,943	16,007,585	107,614,818	8.00%
2026	2,703,807	14,584,385	17,288,192	101,844,441	8.00%
2027	2,824,061	15,847,186	18,671,247	94,389,453	8.00%
2028	2,949,628	17,215,319	20,164,947	85,015,476	8.00%
2029	3,080,742	18,697,401	21,778,143	73,461,447	8.00%
2030	3,217,646	20,302,748	23,520,394	59,436,861	8.00%
2031	3,360,594	22,041,432	25,402,026	42,618,743	8.00%
2032	3,509,852	22,458,589	25,968,441	22,319,324	2.23%
2033	3,665,697	--	3,665,697	--	-85.88%

Notes: Contributions are assumed to be paid August 1.

Item (2) reflects 4.0% grown in payroll as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Assumes contribution of budgeted amount for fiscal 2015.

Projected normal cost does not reflect the future impact of pension reform for future hires.

Projected unfunded actuarial accrued liability reflects deferred investment gains.